

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7768

BILL NUMBER: HB 1845

NOTE PREPARED: Jan 20, 2003

BILL AMENDED:

SUBJECT: Conversion to Class 1 public library status.

FIRST AUTHOR: Rep. Ruppel

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: The bill allows a town and a township in Kosciusko County that are participants in a library services authority to convert the library services authority to a Class 1 public library. The bill provides that the board of directors of the library services authority may recommend any of its members or any other qualified persons for appointment to the board of the new library district. The bill requires the appropriate appointing authorities to follow the recommendations made by the board of directors if the authorities agree that the persons recommended will best serve the interests of the new library district. The bill provides that the budgeting procedures of the library services authority remain in effect until a budget, tax rate, and tax levy are adopted and fixed according to the procedures for Class 1 public libraries.

Effective Date: Upon passage.

Explanation of State Expenditures: *Summary:* The state pays Property Tax Replacement Credits (PTRC) in the amount of 60% of school general fund levies attributable to all property and 20% of the portion of all operating levies (including the remaining 40% of the school GF levy) that are attributable to real property and non-business personal property. Homestead Credits are paid by the state in the amount of 20% of the net property tax due on owner-occupied residences.

If the property tax levy increases as a result of this bill, then the state's expense for PTRC and Homestead Credits would also increase. PTRC and Homestead Credits are paid from the Property Tax Relief Fund, which is annually supplemented by the state General Fund. Therefore, any additional PTRC or Homestead Credit payments would ultimately come from the state General Fund. Actual state cost incurred under the bill would depend on the maximum levy adopted by the library.

Explanation of State Revenues:

Explanation of Local Expenditures: *Summary:* The bill would allow the North Webster Tippecanoe Library to become a Class 1 public library under resolution from the town and township within the library's services.

Library Board: Under the bill, a library board would be established replacing the existing board of directors. Members of the board of directors could become members of the library board if so appointed. Under current law, all members of a library board serve without compensation.

Library Budget: Under current law, a board of a Class 1 public library must determine the rate of taxation for the library district that is necessary for the operation of the library. The library board would certify the rate to the county auditor, and the county auditor would certify the tax rate to the county tax adjustment board.

Under the bill, the budget at the time of conversion would remain effective until a budget, tax levy, and tax rate are adopted. The current North Webster Tippecanoe Library budget is \$31,000 per year. Budget growth has been approximately \$1,000 per year. The State's Local Government Tax Control Board would set the initial budget and maximum levy of the library converting to Class 1 status.

The library's current budget is funded by town and township appropriations and approximately \$10,000 in donations per year. The library also collected approximately \$60 in late fees per month.

Although the library would have its own levy, the bill does not require a reduction in the North Webster, Tippecanoe township maximum levy.

Explanation of Local Revenues:

State Agencies Affected: Indiana Local Government Tax Control Board.

Local Agencies Affected: North Webster, Tippecanoe Township, Kosciusko County.

Information Sources: Helen Leinbach, Librarian North Webster Tippecanoe Library, (574) 834-7122.

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